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**Tarrant County Texas** 3/9/2011 2:03 PM

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Mary Louise Garcin

Mary Louise Garcia

PGS 3 \$24.00

Submitter: ACS



DALE PROPERTY SERVICES, LLC ATTN: RECORDING TEAM **500 TAYOLR ST. STE 600** FORT WORTH, TEXAS 76102

Submitter: DALE PROPERTY SERVICES, LLC

**MARY LOUISE GARCIA TARRANT COUNTY CLERK** TARRANT COUNTY COURTHOUSE **100 WEST WEATHERFORD** FORT WORTH, TX 76196-0401

## **DO NOT DESTROY**

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NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE

## PAID UP OIL AND GAS LEASE (No Surface Use)

day of *February* 2011, by and between <u>Tu Pham and wife, Hien Nguyen</u> whose address is <u>1014</u>

.165 ACRES OF LAND, MORE OR LESS, BEING <u>LOT 55, BLOCK 5,</u> OUT OF THE SHADY VALLEY WEST, PHASE II, AN ADDITION TO THE CITY OF ARLINGTON, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN THAT CERTAIN PLAT RECORDED IN VOLUME A, PAGE 5891, OF THE PLAT RECORDS OF TARRANT COUNTY, TEXAS,

in the county of TARRANT, State of TEXAS, containing .165 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

- 2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of <u>Five</u> (5) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in
- effect pursuant to the provisions hereof.

  3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be Twenty Five Percent (25)% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field in which there is such a prevailing price) for production of similar grade and gravity, (b) for gas (including casing head gas) and all other substances covered hereby, the royalty shall be Twenty Five Percent (25)% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing right to purchase such production at the prevailing price) purchase marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing price) purchase such production at the prevailing price) purchase such production at the prevailing price) purchase such production there from is no such price then prevailing price) purchase such production and production of similar quality in the same field (or if there is no such price then production there from is not being sold by Lessee; being maintained by operations or such expenses or lands pooled therewith are capable of either production or gas or other substances covered hereby in paying quantities or

- at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lesses of the Lessee's requested, deliver to Lessee a proper recordable instrumt naming another institution, or for any reason fail or refuse by accept any payment in the provisions of Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries premanent in the provisions of Paragraph 6 or the action of any governmental authority, then in the event lessee is not otherwise being maintained in force but here for the provisions of Paragraph 6 or the action of any governmental authority, then in the event lessee is not otherwise being maintained in force but Lessee is not otherwise being maintained in force but Lessee is the engaged in drilling, revorking or any other operations reasonably callocated to obtain or restore production there from, his lessee shall enable in force but Lessee is then engaged in drilling, revorking or any other operations reasonably callocated to obtain or restore production there from, his lessee shall enable in the production in paying quantities from the lessee premises or lands pooled therewith. After completion of a well capable of producing in applications are prosecuted with no essation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities and the relationship of the lesseed premises or lands pooled therewith. There shall be no covenant to drill exploratory wells or all or developed premises or lands pooled therewith. There shall be no covenant to drill exploratory wells or any part of the
- such part of the leased premises
- such part of the leased premises.

  8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter interest shall not affect the rights of arising with respect to the transferred interest, and failure of the transferred to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferree in proportion to the net acreage interest in this lease then held by each.

## Page 3 of 3

- 9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.
- If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shuth in royalities shall be proportionately reduced in accordance with the net acreage interest tetalined hereunder.

  10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any (Jas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease, and (b) to any other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its futures, equipment and materials, including well casing, from the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its futures, equipment, and materials, including well casing, from the leased premi

- 14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.

  15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee's option may pay and discharge any taxes,
- mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

  16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other

17. This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original.

DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

Printed Name:

ACKNOWLEDGMENT

STATE OF TEXAS COUNTY OF TARRANT

This instrument was acknowledged before me on the

Felo 600000011, by

JOSEF FRANK MIKEL Notary Public, State of Texas My Commission Expires August 24, 2013

name (printed):

ACKNOWLEDGMENT

STATE OF TEXAS COUNTY OF TARRANT

This instrument was acknowledged before me on the \_

day of February 2011, by Hien Ngu

JOSEF FRANK MIKEL Notary Public, State of Texas My Commission Expires August 24, 2013

Notary Public State of Texas Notary's pame (printed): Notary's commission expires;